



Southeastern Idaho News

BANNOCK, BEAR LAKE, BINGHAM, CARIBOU, FRANKLIN, ONEIDA & POWER COUNTIES

ECONOMIC TRENDS

The Pocatello Metropolitan Statistical Area, which encompasses Bannock and Power counties, continued strong economic growth in June with a seasonally adjusted unemployment rate of 3.7 percent. While the rate was a tick higher than May's and slightly above the state's rate of 3.5 percent, the area has had 18 months of unemployment rates below the 4.6 percent national rate. The number of individuals employed in the two-county area increased to 44,560 in June as summer activity in construction, retail trade, tourism and parks and recreation increased.

Southeastern Idaho Table 2 on page 19 compares the current unemployment rate for the seven southeastern counties with Idaho. Franklin and Oneida counties continued to have the lowest unemployment rates in the area. Rapid job growth in Franklin County along with its proximity to the Logan, Utah, labor market provides ample employment opportunities. The expansion at Hess Pumice in Malad and job opportunities along Utah's Wasatch Front keep Oneida County residents employed. All other counties are at or below the 4 percent unemployment level most economists see as full employment except Power County, which is still posting an unemployment rate of nearly 5 percent.

June, with its moderate warm days and cool nights, generally ignites job growth despite job reductions in education. The number of nonfarm payroll jobs grew by 260 in June as new opportunities in outdoor enterprises and tourism more than offset the loss of over 700 jobs with the end of school for the summer.

Diversity is the hallmark of the region's nearly 3 percent job growth. Nearly every industry sector has been affected, and the labor market is healthier for it.

Between June 2005 and June 2006, the area gained more than 1,000 jobs. The industries that experienced the fastest growth, as shown in Southeastern Idaho Table 1, include:

Southeastern Idaho Table 1: Pocatello MSA Labor Force & Employment
Bannock and Power counties

	Jun 2006*	May 2006	Jun 2005	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	46,280	45,830	45,180	1.0	2.4
Unemployment	1,720	1,650	1,780	4.2	-3.4
% of Labor Force Unemployed	3.7	3.6	3.9		
Total Employment	44,560	44,180	43,400	0.9	2.7
Unadjusted					
Civilian Labor Force	45,620	45,950	44,650	-0.7	2.2
Unemployment	1,590	1,420	1,630	12.0	-2.5
% of Labor Force Unemployed	3.5	3.1	3.6		
Total Employment	44,030	44,560	43,020	-1.2	2.3
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	39,440	39,180	38,400	0.7	2.7
Goods-Producing Industries	6,070	5,880	5,770	3.2	5.2
Natural Resources & Mining	30	30	20	0.0	50.0
Construction	2,650	2,490	2,370	6.4	11.8
Manufacturing	3,390	3,360	3,380	0.9	0.3
Food Manufacturing	1,010	970	960	4.1	5.2
Fabricated Metal Product Manufacturing	140	140	150	0.0	-6.7
Machinery Manufacturing	100	100	80	0.0	25.0
Other Manufacturing	2,140	2,450	2,190	-12.7	-2.3
Service-Providing Industries	33,370	33,720	32,390	-1.0	3.0
Trade, Transportation & Utilities	7,570	7,510	7,290	0.8	3.8
Wholesale Trade	1,400	1,390	1,300	0.7	7.7
Retail Trade	4,700	4,680	4,540	0.4	3.5
Utilities	50	50	50	0.0	0.0
Transportation & Warehousing	1,420	1,390	1,400	2.2	1.4
Information	760	750	740	1.3	2.7
Financial Activities	2,130	2,130	2,100	0.0	1.4
Professional & Business Services	5,030	5,080	4,600	-1.0	9.3
Educational & Health Services	3,410	3,400	3,310	0.3	3.0
Leisure & Hospitality	3,510	3,460	3,550	1.4	-1.1
Other Services	1,230	1,240	1,230	-0.8	0.0
Government Education	5,250	5,990	4,930	-12.4	6.5
Government Administration	4,480	4,160	4,640	7.7	-3.4

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

- Construction increased nearly 12 percent since June 2005 following a more than 8 percent increase during the previous year.
- Wholesale trade benefited from robust construction with an increase of 100 jobs in its durable goods sector. Increases were in lumber and other construction materials, plumbing, heating and hardware products.
- Retail trade added 160 jobs spurred by home improvement projects, the opening of convenience stores and several new clothing stores.
- Jobs in professional and business services increased more than 9 percent. The 430 new jobs were generally with small businesses providing computer and accounting services and call centers.

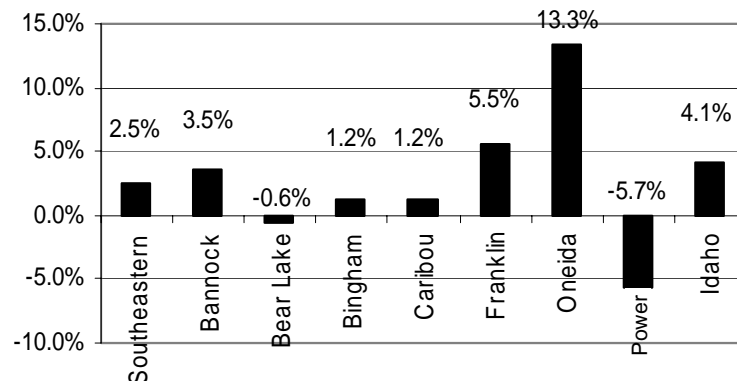
It has been a fascinating year for manufacturing although the industry shows little change over the year. Ballard announced plans to close its manufacturing facility in Pocatello, which will eliminate more than 300 jobs by the end of the year. Just after the Ballard announcement, Heinz Frozen Foods announced the addition of a new product line at its Pocatello facility. Also, Lamb Weston in American Falls has increased production on its existing line and added a new line. The extra jobs at Heinz and Lamb Weston outnumbered the loss of jobs at the Ballard-Kimberly Clark facility and at other manufacturing facilities throughout the area.

SPECIAL TOPIC: 2005 Covered Employment

Covered employment is a count of jobs held by people who work for employers covered by Idaho's unemployment insurance laws. It includes about 95 percent of all people who work for wages, salaries, tips and commissions. In southeastern Idaho, covered employment and wage data for 2005 showed the area gained more than 1,400 jobs for a total of 59,303. The 2.5 percent increase in jobs was the highest annual increase since 2000. The 2001 national recession led to a 1.6 percent loss of jobs in southeastern Idaho in 2002 – nearly 900 jobs. Construction activity, fueled by low interest rates, led to business expansion and job growth of 2 percent in 2003 and 2004. The area does not appear to be losing its momentum in 2006.

Southeastern Idaho Chart 1 shows the change in covered employment from 2004 to 2005 by county. Oneida County experienced the highest growth rate followed by Franklin County. Both saw rapid job growth because of business expansions and new businesses. Job growth in Oneida County occurred mostly as a result of the expansion at Hess Pumice's cultured stone production plant, but job growth also occurred in business support industries. Retail trade jobs, which had declined between 2000 and 2004, rebounded in 2005. More job growth is expected in Oneida County, and Hess Pumice continues to hire production workers. The multiplier effect of those jobs spread through the county's economy. Franklin County saw fairly widespread growth in the service sector. The majority of new jobs were in health care and tourism-related activities. Job growth of 13.3 percent in Oneida County and 5.5 percent in Franklin County exceeded Idaho job growth of 4.1 percent. Bannock County, at 3.5 percent, fell below the state's rate of growth but made significant gains over previous years when the rate of growth was around 2 percent. Low interest rates and strong construction activity fueled job growth as businesses expanded or upgraded facilities to meet increasing demands for products and services. Bingham and Caribou counties each experienced job growth at 1.2 percent. While modest, Bingham County enjoyed growth in nearly every industry sector led by construction, and the county is poised for a higher rate of growth in 2006 with the completion of Premier Technology's corporate headquarters near Blackfoot. Caribou

Southeastern Idaho Chart 1: Percentage Change in Jobs 2004-2005



County managed modest job growth despite a slight reduction in its mining and construction sectors. New jobs created at Monsanto in Soda Springs, the county's largest employer, should bolster job growth throughout the area in 2006. The only southeastern counties to lose jobs were Power, where jobs fell 5.7 percent, and Bear Lake, which saw a limited drop of 0.6 percent. These rural counties have struggled to recover from the loss of manufacturing jobs and the ripple effect those jobs losses had through the larger economy. Each lacked the major construction activity that sparked job growth in the other southeastern counties. These counties have also been losing retail trade jobs as residents commute to major trade centers like Pocatello and do their shopping there. Power County will be seeing expansions at major food processing facilities, which should lead to job growth in 2006. Bear Lake County continues trying to increase tourism, and economic development efforts are under way in both counties to recruit businesses.

Average annual covered wages increased 3 percent in 2005 to \$27,171. The growth rate was down slightly from 2004's 3.9 percent. After the 2001 recession, average annual wages grew just 1.1 percent in 2002 and 1.4 percent in 2003. High-paying industrial and manufacturing jobs have been replaced with lower-paying retail trade and service sector jobs, leading to wage reductions. But the pressure on the labor force from record and near-record low unemployment has intensified demand for qualified workers, and that is putting pressure on wages in certain occupational categories, particularly entry level jobs. Also, some of the service sector jobs such as health care, computer, accounting and management consulting services generally pay higher wages, which could result in higher incomes throughout the region.

Shelley Allen, Regional Economist
430 N. 5th Ave., Pocatello, ID 83205
(208) 236-6710, ext. 3713
E-mail: shelley.allen@cl.idaho.gov